



Covered California: Draft Health Plan Model Contract Terms April 3, 2013

Covered California is in the process of conducting a competitive selection of the health plans that will best meet the needs of California's consumers. As part of the selection and then contracting, Covered California expects contracted health plans to be actively engaged in efforts to meet the triple aim of promoting the delivery of better care, better health and lowering costs. Attached is a revised version of the model contract that we expect to enter into with the health plans selected to serve millions of Californians starting in January 2014.

This model contract is a draft, which has significant revisions from the first model contract that was released January 13, 2013. While it incorporates many comments from an array of stakeholders, we continue to welcome comments and suggestions. If you have comments please send to ghp@covered.ca.gov by close of business Monday April 15th. If possible, please make your comments as specific as possible and provide "redlines" of suggested changes along with the rationale for the changes.

As you review the model contract, please keep in mind the following:

- This model contract builds on policies adopted by Covered California's Board, particularly the "[*Qualified Health Plan Policies and Strategies to Improve Care, Prevention and Affordability*](#)" adopted on August 17th 2012 and the first model contract issued on January 13, 2013. Building on the first model contract, Covered California has incorporated key elements that were previously identified by the Board and made significant edits to improve the clarity of the document and provide greater specificity of its expectations of Covered California's Health Plans.
- The model contract leverages other industry contracts and attempts to coordinate expectations across purchasers, health plans and others in the areas of delivery system improvement and promoting value. Many of these terms and expectations are generally more typical of what would be in contracts between health plans and active large employers or public sector purchasers. These

terms reflect the Board of Covered California's direction to be an "active purchaser" on behalf of California's consumers.

- Covered California views this model contract as a manifestation of the vision, mission and values adopted by the Board. We expect all health plans we contract with to meet these terms and do not expect significant changes to the terms during the contracting and selection process.
- Covered California recognizes that the enrollees it serves will be a relatively small but growing portion of the insured in California. Because of this we express our expectation that (1) Covered California enrollees benefit from the same type of delivery system innovation and internal capabilities from successful bidders that they are providing for other clients; and (2) Covered California health plans commit to working with us to improve the health care delivery system for all Californians.
- Many of the expectations for 2014 in the areas of improving quality and value are along the lines of "tell us what you are doing" so we can inventory existing efforts and establish a partnership commitment to expand implementation of particular delivery system reform and quality improvement efforts in subsequent years.

What follow are some specific organizational comments that may assist in your review of the model Contract:

- This contract has been reorganized to promote readability and flow. To assist in comparing this Second Draft Model Contract to the January 13th Version, we have prepared a cross-reference table which is being posted along with this Second Draft.
- The Model Contract includes a table that identifies all reporting requirements in the model contract.
- A new Quality and Network Management section of the Model Contract has been developed, which contains all Quality and Network Management contract terms and expectations. The Quality and Network Management exhibit starts with a statement outlining Covered California's position on key issues such as quality, delivery system reform and consumer centric care.
- The Model Contract includes a glossary of terms, including those specific to the Quality and Network Management exhibit.

- The section on Performance Guarantees includes both the proposed measures, potential targets and how at-risk penalties and credits would be apportioned. Some areas include reporting-only for the first year (see attachment 14).

Thank you for your ongoing interest and support of Covered California, its mission and most of all, the millions of Californians that will benefit from your commitment to affordable, high quality coverage.